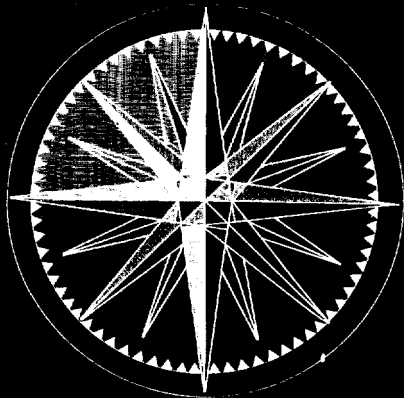


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11 December 1964

OCI No. 0361/64

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# WEEKLY SUMMARY

State Dept. review completed.

## CENTRAL INTELLIGENCE AGENCY OFFICE OF CURRENT INTELLIGENCE

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## C O N T E N T S

(Information as of 1200 EST, 10 December 1964)

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The US-Soviet agreement to avoid a showdown, however, depends on cooperation from all UN members in avoiding any General Assembly vote through much of December as negotiations to solve the financing issue continue.	
 <u>THE COMMUNIST WORLD</u>	
SOVIET BUDGET AND ECONOMIC PLAN FOR 1965	2
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Peiping has offered a record \$255 million in economic aid to free world countries so far this year, most of it to Africa and the Middle East.	

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ASIA-AFRICA

THE SITUATION IN SOUTH VIETNAM

9

The tempo of fighting has picked up, but political pressures on Premier Huong have eased for the moment.

CEYLONese GOVERNMENT FALLS

10

The loss of a vote of confidence climaxed a period of mounting dissatisfaction over Prime Minister Bandaranaike's economic policies and alliances with Marxists. Elections are set for March.

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CONGOLESE REBELS RECEIVE FOREIGN AID

10

Radical African states are sending in some arms, and, if they send troops as well, the rebels could regain the initiative from the Congolese Government.

SUDAN'S RACIAL PROBLEM FLARES ANEW

12

Rioting in Khartoum involving Negroid southerners has frightened the month-old civilian regime. The Communists may see advantage in further inflaming racial tensions.

RADICAL BRAZZAVILLE REGIME STIFLING DOMESTIC OPPOSITION

13

The government is encouraging a campaign of violence against elements opposed to its rapid progress to the left.

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***SECRET***ASIA-AFRICA (continued)Page

## YEMENI ARMISTICE NEGOTIATIONS FOUNDERING

14

Scheduled truce talks have been postponed indefinitely, and squabbling among various Yemeni factions is increasing despite Egypt's and Saudi Arabia's evident desire for peace.

EUROPE

## NEW PROPOSALS FOR TALKS ON EUROPEAN POLITICAL UNION

15

Although these plans strongly endorse economic integration, they only hint at a federated Europe and make major concessions to De Gaulle's views on political cooperation.

## ITALIAN PRESIDENTIAL ELECTION

16

The process of electing a successor to President Segni, who resigned on 6 December, seems certain to increase strains on the center-left coalition and give the Communists a new focus for their efforts to break it up.

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WESTERN HEMISPHERE

## OUSTER OF CUBAN LABOR MINISTER

17

Martinez Sanchez was the logical whipping boy for the low labor productivity now plaguing the regime, and his removal may have been only indirectly related to the current rumors of tensions within the Cuban leadership.

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<u>WESTERN HEMISPHERE (continued)</u>	<u>Page</u>
BOLIVIAN JUNTA SETS ELECTION DATE	19
Political activity now confined primarily to smoke-filled rooms will soon move into the open. Lawlessness still prevails in many areas of the country.	
REACTION TO PERON'S ATTEMPTED RETURN TO ARGENTINA	19
The Peronists who sought Peron's return may now turn to subversive methods, while the neo-Peronists--those who advocate Peronism without Peron--will probably find more public and official sympathy for their efforts to return to politics by legal means.	

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United Nations

**TRUCE POSTPONES SHOWDOWN OVER ARTICLE 19 ISSUE**

The eleventh-hour agreement between the US and USSR to avoid a showdown over the Article 19 financing issue has been welcomed by the UN membership generally, but could be disrupted at any time. The agreement depends on the cooperation of all UN members in avoiding a General Assembly vote through much of December while the general debate continues. Only a very limited amount of other business can be conducted on a no-objection or acclamation basis, and a call for a vote--which any member may demand at any time--would immediately raise the question of the eligibility of those in arrears to participate.

Secretary General Thant is expected to take advantage of the truce to establish a small committee--probably composed of permanent members of the Security Council and a few prominent neutrals--to study ways of solving the financing issue. Thant's illness, however, may temporarily slow this project. Foreign Minister Gromyko has indicated the USSR's willingness to make a contribution to the UN under the so-called "Pazhwak plan"--named for the Afghan UN ambassador--but has not specified when or how much Moscow will pay. Furthermore, many details of this plan remain unclear and may be unacceptable.

A French UN official theorizes that the USSR accepted the temporary nonvoting arrangements only to delay a showdown until after 1 January, when France will also be threatened with loss of its assembly vote. He believes the possibility of a vote to ap-

ply Article 19 will be greatly diminished after the first of the year.

The most serious threat both to the present truce and to the negotiations it was designed to permit is the impatience of the Afro-Asians with the nonvoting arrangement and their eagerness to have the assembly proceed with its normal business. Many of them believe that the loss-of-voting provision of Article 19 can be ignored pending agreement on a voluntary contribution plan, and that the question of the amount and date of a Soviet bloc contribution to the UN should not be pressed.

The UN's future peacekeeping role is bound to be affected by the prolonged dispute. Gromyko recently stated his interest in exploring with the US future arrangements for peacekeeping operations. The Soviets have long maintained that the Security Council is the only body that can make binding decisions in this field. The US and France have also recognized the necessity of limiting the power of the assembly to establish and assess for future operations, but plans to enhance the authority of the Security Council could produce a backlash in the assembly, where the small countries make their weight felt. Despite their eagerness to avoid a US-USSR clash during the present session, the small nations would be quick to resent and oppose anything like a big power "deal" which seriously restricted their own UN role.

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The Communist World

## SOVIET BUDGET AND ECONOMIC PLAN FOR 1965

[Redacted Box]

Ko-  
sygin's few remarks on the drafting of the 1966-70 plan indicate that it too will give greater attention to the consumer.

In language reminiscent of Khrushchev's last major speech, Kosygin said that heavy industry is able to produce considerably more capital equipment for agriculture, light industry, and consumer services because it now is satisfying the priority needs of economic development and defense. Projected increases in both cash and real income are accompanied by planned significant rises in consumer goods and services and in the promise of a record year in housing construction to reverse the decline in annual additions since 1960.

This shift is reflected also in the narrowing of the

gap between rates of increase in production of consumer and capital goods. Heavy industrial output is scheduled to grow at the rate claimed for this year--8.2 percent--but production of consumer goods will increase by 7.7 percent compared with 6.5 percent in 1964.

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Kosygin's figures indicate that in 1964 the rate of growth of investment recovered somewhat from the 1961-63 lows. The 1965 plan calls for more recovery, but not enough to support annual additions to output like those achieved in the late 1950s or those implied by the long-term goals approved at the 22nd party congress in 1961.

The scheduled increase in industrial production falls short of the goal announced in 1963. The chemical program retains the priority given it by Khrushchev but is not expected to meet his original goals. In other industrial sectors projected rates of increase do not indicate a major change of emphasis (see table on reverse of this page).

The increase in appropriations for agriculture is less than had been indicated by the

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SELECTED (OFFICIAL) SOVIET ECONOMIC DATA FOR 1964 AND 1965

Percentage Increases Over the Output of the Previous Year

Data for 1965 are Soviet scheduled increases over 1964 output. Data for 1964, for the most part, are increases scheduled for 1964 and estimated from Soviet 1965 goals that were promulgated in 1963.

	1964	1965
Industrial Production	7.8	8.1
Group A (Capital Goods)	8.2	8.2
Group B (Consumer Goods)	6.5	7.7
Chemical Industry	16.6	About 15
Fertilizer	28	31
Plastics & Resins	28.5	28
Cellulose	15.8	20
Paper	14.0	12
Electric Power	9.7	12.5
Natural Gas	20	11
Crude Oil	7.7	(combined figure, gas & oil)
Metallurgy	(Steel, 4.7) X	6.0
Machine Building & Metal Working	10	9.0
Refrigerators	40.6	76
Housing	0	9
Freight Turnover	7.3	7.1

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1964-65 plan, suggesting that the regime expects its easing of restrictions on private agriculture to make up some of the difference, especially in animal husbandry. Long-term agricultural development was singled out as "a task of paramount importance." The regime expects investment and other measures to overcome "completely" the lag in agricultural production by 1970.

The reduction in specified defense expenditures of 500 million rubles makes the explicit military budget equal to 12.9 percent of all government expenditures. This year, when planned military spending had been cut by 600 million rubles, the military allocation was 14.5 percent of the total budget.

Actual military appropriations, however, do not necessarily follow even the trend of

admitted outlays for defense, and are probably partly concealed in such categories as appropriations for science. In 1963 it was stated that allocations to science in 1965 would increase slightly over 1964--5.4 billion rubles compared with 5.2 billion rubles. There has been no final figure in the available summaries.

Kosygin's brief remarks on the future administration of the economy may prove to be the most significant at this session of the Supreme Soviet. He proposed the eventual replacement of centralized control with a system based on consumer contracts in all branches of the economy. He also supported in strong terms some of the proposals for liberalizing the economy that Soviet economists have been discussing over the last several years.

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The Communist World

**EAST GERMANY REVIEWS ECONOMIC AND POLITICAL POLICIES**

The image which East German leaders sought to convey during their party's first publicized conclave since Khrushchev's ouster was one of confidence and stability. The published reports of the seventh plenum of the party central committee last week indicate that the meeting was preceded by a sober stock-taking; indeed, politburo member Erich Honecker made use of a public opinion poll, East Germany's first, to support his demand for effective party agitation at the precinct level. Few of the speakers attempted to gloss over the regime's chronic weaknesses. Their tone was moderate, relatively realistic, and free of the stridency which so often is the hallmark of East German party pronouncements.

Only one speaker, ideologist Kurt Hager, alluded to the sixth central committee plenum, held in secret, presumably sometime in October, to deal with the thorny issue of Khrushchev's ouster. That plenum had been scheduled for 4 October, the eve of the 15th anniversary of the founding of the "German Democratic Republic," but apparently was not held as planned.

The seventh plenum approved further experimentation with the "new" system of economic planning and management introduced early last year. Experiments with this system, which gives industrial managers more authority in fulfilling their assigned quotas, are already in operation to some extent in most enterprises. Alfred Neumann, chief

of the economic council, provided no figures on the fulfillment of the 1964 plan or details of the 1965 plan. He called for additional price reforms and further management incentives and stressed the need to improve the quality of manufactured goods and to increase the use of the latest technology.

For the post-Khrushchev period, the regime laid down a conservative program. It ruled out the adoption of practices--possibly multiple election lists--which, in the words of one speaker, would mean a reversion to the outworn habits of "bourgeois democracy" and reaffirmed "democratic centralism" over a "one-sided emphasis" on decentralization of political authority. East German intellectuals were put on notice that the party leadership has no intention of watering down its cultural policies at the behest of "revisionists" in or out of the bloc and that "bourgeois decadence and abstractionism" will not be tolerated.

Most of the speakers candidly admitted that the regime lacks the effective support of the East German populace, particularly insofar as its policies toward West Germany are concerned. The plenum called for a pervasive indoctrination campaign which presumably will make use of its new found public opinion takers.

As expected, the bulk of the remarks on foreign policy were directed at the Federal

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**SECRET****The Communist World**

Republic--particularly at the recent pre-electoral statements by both Christian Democrats and Socialists in favor of the MLF and of a "policy of movement" toward the bloc. There was no threat, however, as there had been a month earlier in the Volkskammer, of a bloc countermove to MLF. Also lacking were references to the need for separate German peace treaties and settlement thereby of the "West Berlin situation." Walter Ulbricht reacted strongly to Western speculation about a renewed four-power role in Germany, insisting that reunification can be negotiated only by the Germans themselves, and must await the overthrow of the "monopolist-

capitalist government in West Germany.

Although the plenum clearly indicated that Ulbricht is firmly in control, despite pretensions toward "collectivity," it threw some doubt on the status of the rest of the leadership. Premier and politburo member Willi Stoph, who acceded to the premiership in September and has been touted as a likely successor to Ulbricht as first secretary, seems to have taken no part in the proceedings. When referring to the delegation which Ulbricht and Stoph led jointly to the Soviet anniversary in November, the politburo report mentioned only the role of Ulbricht.

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**CZECHOSLOVAKIA AND USSR ISSUE CAUTIOUS COMMUNIQUE**

A modus vivendi governing future Czechoslovak-Soviet relations seems to have been worked out during Antonin Novotny's visit to Moscow last week.

A cautiously worded communiqué signed on 3 December reflects continuing close relations as the basis of policy. The Czech delegation endorsed all major aspects of Soviet foreign policy, while the USSR took cognizance of Czechoslovak needs and desires. Interparty relations were characterized by the phrase "full unity of views," but the next sentence emphasized the "great importance of reciprocal exchange of experience." The USSR promised that its future

actions would be guided by recognition of "complete equality of rights, strengthening of national sovereignty...and combining the interests of the commonwealth with the interests of the peoples of each country...."

The communiqué stated that the new Soviet leaders are basing their policies on the 21st, as well as the 20th and 22nd Soviet party congresses. The Czechs subtly disassociated themselves from this reference to the 21st congress, which attacked "revisionism," probably because they feared that full endorsement might detract from their newly closer relations with Yugoslavia.

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The Communist World

The Czechoslovaks apparently sought and received Soviet agreement to new economic arrangements affecting industrial cooperation and an in-

creased supply of Soviet raw materials. Forty percent of Czech trade is with the USSR, which supplies a large part of necessary raw materials.

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## The Communist World

## PEIPING SEEKS CLOSER TIES IN SOUTHEAST ASIA

Foreign Minister Chen Yi's recent meetings with government leaders in Cambodia, Indonesia, and Burma are part of a Chinese Communist campaign to gain influence through more frequent high-level political contacts abroad.

Chen arrived in Phnom Penh on 8 November to take part in Cambodian National Day festivities. Public statements during the five-day visit reaffirmed Peiping's previous vague promises of support in the event of US "aggression," reflecting efforts to encourage Sihanouk in his anti-Western stand. Private talks probably included the recognition of the present Cambodian-Vietnamese frontier by the Vietnamese Communists, a subject over which Sihanouk has become increasingly concerned.

It seems likely that Chen sought to smooth over the border issue. His visit, however, failed to forestall further Cambodian demands, and the Chinese now appear to be playing a mediating role. Preparatory talks on the border question started in Peiping about 4 December.

Chen traveled to Indonesia just two weeks after his return from Phnom Penh. He spent seven days in Djakarta discussing ques-

tions of joint strategy with Sukarno and other leaders.

Chen apparently won a commitment for more active Indonesian help in efforts to exclude the Soviet Union from the Afro-Asian conference scheduled to be held in Algiers next March and a promise that Djakarta would urge other Afro-Asian states to back Peiping's claim to the Chinese seat in the UN. The Chinese may have offered to help Djakarta establish additional diplomatic posts in Africa. The US Embassy in Indonesia reports signs of a major effort to set up new diplomatic missions.

On his way home, Chen stopped in Rangoon on 3 December for a three-day visit.

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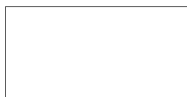
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**CHINESE COMMUNIST 1964 ECONOMIC  
AID PROGRAM**

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Amount Extended  
in million U S dollars

AFGHANISTAN	28
CAMBODIA	Unknown
CENTRAL AFRICAN REPUBLIC	4
CEYLON	4
CONGO (BRAZZAVILLE)	25
GHANA	22
KENYA	18
MALI	10
PAKISTAN	60
TANZANIA	45
YEMEN	28
TOTAL	244

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## The Communist World

## COMMUNIST CHINA'S 1964 FOREIGN AID PROGRAMS

Communist China has made commitments for a record \$244 million in economic aid to free world countries so far this year (see chart on facing page). Most of these have gone to Africa and the Middle East, where aid has been part of Peiping's diplomatic offensive. The actual use of these credits --like those provided earlier-- is likely to be very slow.

China has just offered a long-term \$28-million credit to Afghanistan and \$10 million in credit and grant to Mali for economic development projects. Earlier this year, China gave a \$28-million credit to Yemen and about \$115 million worth of aid to a number of African countries. In addition, Chinese economic aid has been rumored in the works for the UAR, Burundi, Dahomey, and the Sudan. Last year, all of Peiping's \$90 million in economic aid to non-Communist countries was given in Africa and the Middle East.

In past years, Peiping had focused its attention--and its economic aid--on the Far East; the recent shift reflects in part its backlog of aid commitments in Asia as well as its wider diplomatic interests. Thus far in 1964, Chinese economic aid offers outside Africa and the Middle East total \$65 to \$70 million. A Pakistani mission is currently in Peiping

discussing a \$60-million credit extended in July. China has also offered a small credit to Cambodia for imports of textile and cement-making equipment, and \$4 million to Ceylon to finance imports of Chinese machinery and equipment. Prior to this year, the most recent offers to non-Communist Asian nations were in 1962 when Peiping extended a total of \$15 million in credits to Laos and Ceylon.

China has also slowed down its economic aid to other Communist countries. Even though past assistance to North Korea, North Vietnam, Mongolia, Albania, Hungary, and Cuba accounts for about two thirds of China's \$2 billion in aid extended since 1953, Peiping has given only \$150 million in aid to other Communist countries--Albania and Cuba--since 1961. Peiping is not known to have extended any additional aid to other Communist countries this year.

Chinese economic aid projects in other Communist countries generally appear to be implemented according to schedule, but drawings by free world countries have been slow, primarily because of delays originating in the recipient countries. Over 60 percent of China's aid to other Communist countries is estimated to have been utilized, compared with only about 15 percent of that to the free world.

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Asia-Africa

**THE SITUATION IN SOUTH VIETNAM**

The tempo of the fighting in South Vietnam picked up this week as the Viet Cong undertook several battalion- or company-size attacks against various targets, including two district headquarters. A somewhat intensified Communist military effort between now and the year's end would be consistent with the past seasonal pattern.

Government forces have scored several tactical victories over the Viet Cong. These engagements, such as a combined ground/airborne attack last week end against a Communist concentration south of Saigon, have inflicted heavy losses on the insurgents.

On the political front Premier Huong's position appears to have been momentarily strengthened by the absence of new agitation in Saigon, relative caution on the part of Buddhist leaders, and a new pledge of support from armed forces commanders. Huong is reportedly being urged by some members of the High National Council to consider making some cabinet changes before a concerted Buddhist antigovernment campaign develops, but he appears disin-

clined to make concessions under pressure.

Amid reported preparations by Buddhist elements in central Vietnam to stage demonstrations, influential monk Tri Quang returned from Hué to Saigon to plan his strategy with other leaders of the hierarchy. Quang declares himself firmly opposed to Huong's continuing as premier. He reportedly envisages that the clergy will initially apply pressure to depose Huong by legal means, holding in reserve the threat of mass popular action. The hierarchy's hesitation to launch a public campaign could indicate internal weaknesses or fear of a harsh military response.

Despite the pledge of military support for the government, however, signs of dissatisfaction with armed forces chief General Khanh persist among some of the "young Turk" generals. They suspect Khanh of still harboring political ambitions. Their reported moves to force him into a strong pro-Huong commitment, to curb his authority for independent military decisions, and to retire some top staff officers may precipitate a new military shake-up.

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Asia-Africa

**CEYLONESE GOVERNMENT FALLS**

Prime Minister Bandaranaike of Ceylon has ordered the dissolution of Parliament and has scheduled parliamentary elections for next March following her government's defeat in last week's confidence vote.

The government fell when 13 members of Mrs. Bandaranaike's Sri Lanka Freedom Party (SLFP) joined the opposition in voting for the no-confidence motion. The defection climaxed a period of mounting dissatisfaction over the inclusion in the cabinet of three leaders of the island's largest Marxist party. The government has also been under heavy fire over its ineffectual economic policies and its efforts to introduce press control measures.

Mrs. Bandaranaike now faces the monumental task of patching up her dilapidated party and prodding it through an election campaign.

SLFP strength has been sapped by defections and its organization is in apparent decay in many parts of the country. The prime minister probably will negotiate a no-contest agreement with her coalition partners and with the pro-Moscow Communist Party similar to the pact under which the three parties contested the 1960 elections. Even with their support, her chances of winning a parliamentary majority now appear slim.

Formidable opposition is likely to come from the more conservative United National Party (UNP), which has recorded significant gains in local elections over the past two years--largely at the expense of the SLFP. The UNP probably will be aided by the SLFP defectors, by the non-Marxist press, and by a growing number of Buddhist leaders who feel that the principles of Ceylon's Buddhist majority have been cast aside by the Marxist ministers.

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**CONGOLESE REBELS RECEIVE FOREIGN AID**

Leopoldville now holds the military initiative in the Congolese rebellion, and resistance around Stanleyville has crumbled. Rebels are still fighting strongly in many areas, however, and have retaken several lightly garrisoned towns. They now have received some large-scale arms shipments from radical African states, backed by the Soviets. These states may also be sending in some military personnel, which could restore the advantage to the rebels.

In the first five days of December, at least 16 planeloads of supplies, most of them apparently from Egypt and Algeria, were flown to Khartoum, and thence to Juba in southern Sudan to be loaded into Sudanese trucks for transit into the Congo. Most of the aircraft almost certainly were Egyptian, although Cairo attempted to disguise them by using Algerian and Ghanaian markings.

Moscow apparently agreed to back Egypt and other radical African

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Asia-Africa

states in such shipments. [redacted]

[redacted] According to press reports, the USSR will also pay part of the costs of the airlift. Moscow will probably avoid any direct military commitment to the rebels, however,

It is doubtful that weapons alone can bail out the insurgents, who have always been fairly well armed. In the early stages of the rebellion they are estimated to have captured at least 10,000 rifles. Their ammunition supply, mostly seized from the government, has been adequate.

However, foreign "volunteers," who could tip the military balance to the rebels' favor, may be on their way to the Congo. A German Embassy official in the Sudan says that early this month he saw 40 soldier-like Algerians in civilian clothes at the Khartoum airport. Ghanaians--probably less effective than Algerians--may go as well.

As African excitement over the Stanleyville-Paulis rescue operation subsided following the withdrawal of the Belgian paratroops, differences over the proper role of the Organization for African Unity (OAU) in the Congo re-emerged. This split is

likely to be intensified by the radicals' stepped-up program of assistance to the Congolese rebels.

Haile Selassie's call for a special heads-of-state meeting--proposed for 18 December in Addis Ababa--has evoked little enthusiasm. Several moderate countries, including Nigeria and Senegal, have flatly opposed the idea as constituting undue intervention in the Congo's internal affairs, while Ghana evidently views such a meeting as a possible hindrance to supplying direct aid to the rebels. Any general OAU meeting convened on the Congo in the near future now appears more likely to be held by the foreign ministers than by heads of government.

Meanwhile, a financial dispute between Premier Tshombé and Brussels could affect the future of Belgium's assistance program to Leopoldville. A Congolese decree of 29 November in effect revoked Belgian mining concessions and demanded the surrender of colonial Congo government financial holdings still held by Belgium. Brussels claims that the decree repudiates an agreement made last March by then Premier Adoula and Foreign Minister Spaak.

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Asia-Africa

	The Belgian

Government is under considerable political pressure to keep down the costs of its Congo operations.

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**SUDAN'S RACIAL PROBLEM FLARES ANEW**

Dissidence by Negroid peoples in southern Sudan, which led indirectly to the overthrow of President Abboud's military regime in late October, has become a major issue for the delicately balanced civilian government that took over.

The first serious outbreak of racial violence in the Arab north occurred this week as riots broke out in Khartoum between southerners and Arabs. A demonstration by southerners--who number about 30,000 in the capital area--urging autonomy for the southern provinces took a violent turn and provoked Arab counterattacks. At least 40 people were killed and hundreds wounded.

The rioting has obviously frightened the month-old government. All demonstrations and political rallies have been banned, and a committee of Negroes was dispatched to the southern provinces in an attempt to head off similar disturbances there. Official statements now attribute the riots to "imperialist designs."

Although the new regime came into office pledging im-

mediate steps to solve the long-standing question of southern constitutional status, no talks have yet been held. The southern leadership is divided between a "Southern Intellectual Front" in Khartoum and the leaders of the Sudan African National Union who directed the year-long terrorist campaign against the military regime. This latter group has not yet returned to the Sudan from exile, mainly in Uganda.

Southern spokesmen have refused to pledge any support to the Congolese rebels. Nevertheless the government's fear that the Congolese and Sudanese rebel movements might cooperate was probably a factor in its own decision to aid the Congolese rebel regime.

The Communists are likely to inflame Sudanese racial tensions further in the hope of delaying the elections now scheduled for April. Despite their foothold in the cabinet, they do not yet have the nationwide strength to compete successfully in elections with the moderate and conservative brotherhoods.

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Asia-Africa

**RADICAL BRAZZAVILLE REGIME STIFLING DOMESTIC OPPOSITION**

The regime in the Brazzaville Congo is encouraging a campaign of violence against domestic elements opposed to its rapid swing to the left. There are also signs that the few remaining nonextremists may soon be purged from the cabinet.

Last month extremists, probably under the direction of politburo member Julien Bukambou, launched an all-out attack against various Catholic elements which by virtue of numbers and organization probably constitute the most influential single grouping in the country. For some time Catholic spokesmen had attacked the leftward trend through two important newspapers and through the Catholic labor federation (CATC) and youth movement, both of which have resisted incorporation into monolithic national organizations subordinated to the Congo's single political party.

Since late November, the leader of the CATC has been arrested, his weekly news organ silenced, and at least two CATC local headquarters sacked by bands of the regime's unruly youth organization. The editor of another influential Catholic weekly has also been arrested and reportedly tortured. The crackdown has included the recent expulsion of two French

priests and three French Catholic lay workers--the first significant reprisals against French nationals.

Within the government itself the regime recently beat down criticism in the National Assembly simply by removing the parliamentary immunity of the deputies in question. The extremists now reportedly plan to weed out remaining moderate and underzealous ministers. Some reports indicate that even Prime Minister Lissouba, a Marxist, will be ousted because he now is considered "too moderate."

The shift to the left may soon have significant repercussions in the economic sphere. The economic impact of the withdrawal of French troops--scheduled to be completed by 31 December--will begin to be felt early next year. The regime will probably then turn to radical solutions--such as establishing an independent currency--having the effect of disrupting basic ties to the West.

Despite their apparent grip on the country, the extremists still seem to lack both cohesiveness and self-confidence. Their feeling of insecurity was evidenced recently when a planned public protest against the Stanleyville paradrop was postponed, reportedly because they feared an attempt by the CATC to turn the demonstrations into a move to oust the regime.

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Asia-Africa

## YEMENI ARMISTICE NEGOTIATIONS FOUNDERING

The cease-fire declared in Yemen on 8 November is nearing a breakdown, and the scheduled armistice talks have been postponed indefinitely. Deep-seated disagreement between the two sponsors of the proposed peace conference, Egypt and Saudi Arabia, and misunderstandings over details have caused the present impasse.

The meeting between Egyptian President Nasir and Saudi King Faysal in September brought only a cautious announcement that agreement had been reached on ending the two-year-old conflict. From the start, Nasir was adamant on retaining the name and form of the present Yemeni republican government, while allowing that the composition might be changed. Saudi Arabia has demanded only that the new government be acceptable to a conference of republican and royalist Yemenis.

In late October the Yemenis agreed that a cease-fire would go into effect and that a national armistice conference would be held on 23 November. This proposed meeting was to "lay the foundation for solving present differences by peaceful means." Egypt and Saudi

Arabia acted with unusual alacrity to set up joint observer teams and attempted to enforce the cease-fire. Delegations were appointed on both sides and were ready to leave for the site, when the sponsoring parties stalled over the composition of the delegations, as well as over the future of the Imamate and the Yemeni royal family. The conference was initially postponed to 1 December and then indefinitely.

The delay has given time for factions within both camps to maneuver and intrigue. At least one royalist group never stopped fighting during the cease-fire and has regained much territory in the north. The republican government has dismissed and arrested several cabinet ministers. In addition, the religious sect dominant in the south has been edging away from loyalty to the republican regime.

Both Nasir and Faysal still want to end the war. However, their controls over the Yemenis have been loosened to the point where it may no longer be possible to bring enough Yemenis together to settle anything.

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Europe

## NEW PROPOSALS FOR TALKS ON EUROPEAN POLITICAL UNION

Several proposals for steps toward European political union are now under consideration in the EEC countries in preparation for further talks which could begin early next year. Although the plans strongly endorse economic integration within the Common Market, they only hint at the goal of a federated Europe. By making major concessions to De Gaulle's views on political cooperation, they seem to mark further movement toward a consensus on a "feasible" European organization. It nevertheless remains doubtful that early agreement is in sight, principally because of the unresolved question of what role a European organization would plan in Atlantic defense.

By emphasizing "consultative" procedures and loose organizational ties, all of the plans come very close to Gaullist positions expressed in the 1961-62 talks on political union. The most obvious element of supranationalism remaining is in Belgian Foreign Minister Spaak's idea for a three-man commission of independent "wise men" who would propose union plans. In the plan advanced by Bonn in November, the commission concept is even more vague, and the recently announced Italian proposal explicitly refers to the members of the "political commission" as "government representatives." While this trimming away at federalism is evidently finding some favor with Paris, the vestigial supranationalism in these proposals could still provide De Gaulle with an excuse to be negative.

With regard to the British role, there has been a marked evolution in the attitudes of the Six, with only the Dutch now holding out for UK inclusion in any talks from the beginning. Nevertheless, there have been no indications from London that the Labor government intends to abandon British pursuit of that objective.

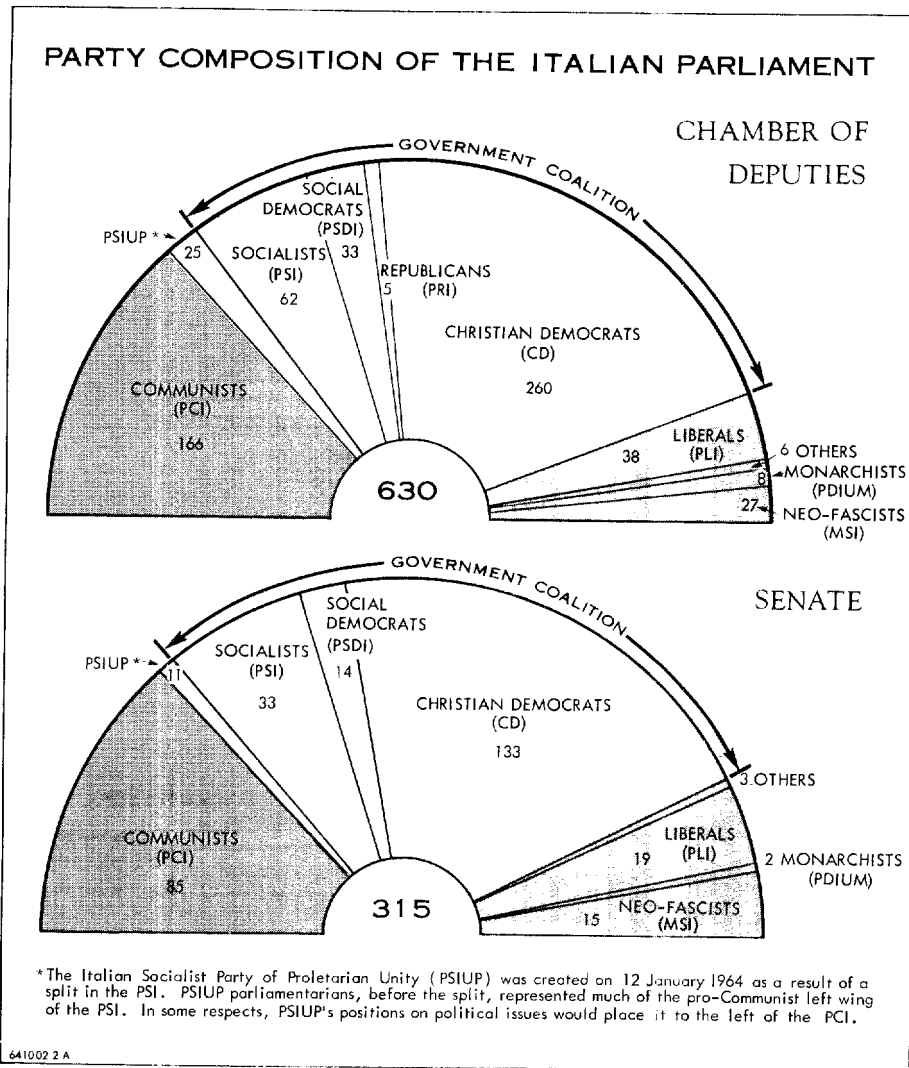
Although the plans all foresee including defense as a matter of discussion, there is a general feeling of caution because of the use which France might try to make of such an opportunity. French Premier Pompidou noted recently that the "prior existence of a political Europe" was necessary before any "European" defense force solutions could be considered. West German Foreign Minister Schroeder, possibly with this hint in mind, has expressed concern that meetings of foreign ministers to discuss political union could, in fact, serve to undermine the MLF.

Despite Schroeder's caution, Chancellor Erhard's prestige is already committed to pressing Bonn's own initiative on political union. In a talk last week Erhard stated that it now would be possible to get on with the discussions about a European union in light of the "friendlier tones" being heard from France because of the agreement in principle on unified grain prices.

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Europe

**ITALIAN PRESIDENTIAL ELECTION**

The election of a successor to Italian President Antonio Segni, who resigned on 6 December, appears certain to increase strains within and among the center-left coalition parties. The coalition seems unable to agree on a candidate and, as a result, the race is wide open.

The two houses of Parliament, along with 13 representatives from the five semiautonomous regions, will meet in joint session on 16 December. A two-thirds majority is required on the first three ballots and an absolute majority thereafter.

On paper, the four center-left coalition parties have enough votes to elect a new president after the third ballot, but party discipline is ineffective in a secret ballot. The Christian Democrats will insist that the president come from among their members, but they apparently have not been able to agree on who it should be. The other coalition partners will probably initially support Foreign Minister Giuseppe Saragat, leader of the Social Democratic Party (PSDI), whose prospects do not appear bright.

As in the past, the opposition parties, and particularly the disciplined Communists, will try to break up the coalition by their voting tactics. Their efforts may be particularly disruptive in this instance, when

the coalition is rent by differences over the lack of progress on its reform program.

There are five leading contenders besides Saragat, four of whom are Christian Democrats. The current front-runner appears to be ex-Premier Amintore Fanfani (56). He is a principal founder of the center-left policy but in recent months has alienated many of his former admirers in the political left as a result of tactical moves aimed at gaining support from both the Communists and from the conservative right. Fanfani is also still opposed by many in his own party because of past political moves.

Other CD candidates are Interior Minister Paolo Taviani (52), Giovanni Leone (55), a former premier and long-time president of the Chamber of Deputies, and Senator Attilio Piccioni (72), president of the CD National Council. Either Leone or Piccioni, as the least controversial personalities, might be designated by the CD as its "official" candidate or be offered as a compromise candidate if a deadlock develops.

Also in the running is acting President Cesare Merzagora (66), who although technically an "independent," was elected to the Senate on the CD ticket and was that party's official choice for president in 1955.

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Western Hemisphere

**OUSTER OF CUBAN LABOR MINISTER**

The ouster of Labor Minister Augusto Martinez Sanchez, which apparently led him to attempt suicide on 8 December, occurred at a time of rumored high political tensions among elements of the Cuban leadership. Nevertheless, his ouster may have been only indirectly a result of such tensions. The immediate cause may well have been, as the regime announced, his "grave administrative errors" in managing the ministry. One of the most basic of the economic problems now plaguing the regime is low labor productivity, to which Castro himself has recently been devoting considerable attention in his public speeches.

It has not been uncommon in recent months for high regime

officials to be dismissed for incompetence or inefficiency. The ministers of economy and foreign trade suffered this fate last summer when the regime came to recognize the severe foreign exchange problems it faces. Martinez Sanchez, who had been labor minister since 1959, is the logical whipping boy in the labor sphere. His dismissal probably presages a new effort to increase productivity.

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Western Hemisphere

**BOLIVIAN JUNTA SETS ELECTION DATE**

The Bolivian junta has set 30 May 1965 as election day and 6 August for the new government's assumption of office. A new electoral statute will be drawn up.

Political activity, now confined primarily to smoke-filled rooms, will soon move into the open, and electoral alliances currently under discussion will take form rapidly. The early election date would appear to favor ex - Vice President Juan Lechin and the far left.

In many areas of the country lawlessness still prevails. For example, military units were forced to intervene in an armed battle between rival peasant leaders near Cochabamba recently, and the junta has no more authority in the mining region than did the Paz regime. FSB extremists reportedly want to wrest political control of Santa Cruz Department from Luis Sandoval Moron, whose private militia, however, stands in the way. The murder of a Falangist by Moron henchmen has raised tensions there to the brink of open warfare.

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**REACTION TO PERON'S ATTEMPTED RETURN TO ARGENTINA**

Reaction among Juan Peron's followers to his abortive attempt to return to Argentina has thus far been mixed. Some Peronists claim that by making the attempt, he has fulfilled his pledge to return before the end of the year. Others have expressed consternation and disappointment at Peron's performance. Peron himself may have wished to fail.

There will probably be some shifts in Peronist leadership as a result of the incident. The prestige of leaders who waged a campaign over the past year to force the government to grant legal recognition to a Peron-directed party and to create conditions suitable for Peron's return may be considerably reduced. More of these, with or without instructions

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## Western Hemisphere

from Peron, now may seek to rely entirely on subversive methods to accomplish their objectives.

Those leaders most strongly supporting Peron's return have expressed the unanimous opinion that Peron now will reactivate his "hard line," [redacted]

[redacted] These leaders predicted a "revolutionary" veer to the left but were uncertain whether it would be so in name as well as in purpose.

The neo-Peronists who did not support Peron's return will probably find both the government and the electorate more sympathetic to their efforts to achieve political participation by legal means.

The apparent absence of forewarning of Peron's trip and the Brazilian Government's swift action forcing his return to Spain reduced the threat of any major clash between Peronists and security forces. Minor demonstrations occurred in Buenos Aires and a few provincial cities, but police were able to control them without serious violence.

Peronist labor leaders were reportedly vexed at the government's failure to act forcibly against the Peronists and thus to provide them with an excuse for militant action. Security measures put in force on 2 December continue in effect.

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Sharp differences are reported to exist in the Spanish cabinet regarding a renewal of Peron's stay in Spain, but a decision is expected at a meeting set for 11 December. Spanish authorities reportedly intend to make any new exile privileges contingent upon the termination of Peron's political activity, including receiving visitors from Argentina.

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